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H. R.3382 IB

119th CONGRESS

AT THE FIRST SESSION

IN THE HOUSE OF REPRESENTATIVES

An Act

To require the Securities and Exchange Commission to carry out a study and rulemaking on the definition of the term "small entity" under the securities laws for purposes of chapter 6 of title 5, United States Code, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Entity Update Act".

~~SECTION 1. SHORT TITLE; TABLE OF CONTENTS.~~

~~(a) SHORT TITLE.—This Act may be cited as the "Incentivizing New Ventures and Economic Strength Through Capital Formation Act of 2025" or the "INVEST Act of 2025".~~

~~(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:~~

TITLE I—

EXPANDING ACCESS TO CAPITAL FOR SMALL BUSINESSES

SEC. 101. EXPANDING ACCESS TO CAPITAL FOR RURAL JOB CREATORS.

Section 4(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(i)) is amended—

(1) in paragraph (4)(C), by inserting ", rural-area small businesses" after "women-owned small businesses"; and

(2) in paragraph (6)(B)(iii), by inserting ", rural-area small businesses" after "women-owned small businesses".

SEC. 102. HELPING ANGELS LEAD OUR STARTUPS.

(a) DEFINITIONS.—For purposes of this section and the revision of rules required under this section:

(1) ANGEL INVESTOR GROUP.—The term "angel investor group" means any group that—

(A) is composed of accredited investors interested in investing personal capital in early-stage companies;

(B) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(C) is neither associated nor affiliated with brokers, dealers, or investment advisers.

(2) ISSUER.—The term "issuer" means an issuer that is a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

(b) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D (17 CFR 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, the District of Columbia, any State, a federally recognized Indian Tribe, a political subdivision of any State, territory, or federally recognized Indian Tribe, or any agency or public instrumentality of any of the foregoing;

(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) an incubator or accelerator;

(F) a venture forum, venture capital association, or trade association, other than an association created solely for the purpose of sponsoring an event described under this subsection; or

(G) any other group, person, or entity as the Securities and Exchange Commission may determine by rule;

(2) that is not held in any facility that is owned or operated by a religious organization, other than an institution of higher education that is accredited and operated primarily for post-secondary education;

(3) where any advertising for the event does not reference any specific offering of securities by the issuer;

(4) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than reasonable administrative fees;

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties;

(E) makes readily available to attendees a disclosure not longer than one page in length, as prescribed by the Securities and Exchange Commission, describing the nature of the event and the risks of investing in the issuers presenting at the event; and

(F) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(5) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(c) RULE OF CONSTRUCTION.—Subsection (b) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

(d) NO PRE-EXISTING SUBSTANTIVE RELATIONSHIP BY REASON OF EVENT.—Attendance at an event described under subsection (b) shall not qualify, by itself, as establishing a pre-

existing substantive relationship between an issuer and a purchaser, for purposes of Rule 506(b).

SEC. 103. AMENDMENT FOR CROWDFUNDING CAPITAL ENHANCEMENT AND SMALL-BUSINESS SUPPORT.

(a) IN GENERAL.—Section 4A of the Securities Act of 1933 (15 U.S.C. 77d–1) is amended—

(1) in subsection (b)(1)(D), by striking "$100,000" each place such term appears and inserting "$250,000"; and

(2) by adding at the end the following:

"(i) DISCRETION TO ADJUST AMOUNT.—The Commission may increase the amount specified in subsections (b)(1)(D)(i) and (b)(1)(D)(ii) from $250,000 to an amount not greater than $400,000 upon the recommendation of the Office of the Advocate for Small Business Capital Formation and the Office of the Investor Advocate. "

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(b) TECHNICAL CORRECTIONS.—The Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended—

(1) in section 4A—

(A) by striking "section 4(6)" each place such term appears and inserting "section 4(a)(6)"; and

(B) by striking "section 4(6)(B)" each place such term appears and inserting "section 4(a)(6)(B)";

(2) in section 16(f)(3), by striking "section 4(2)" and inserting "section 4(a)(2)"; and

(3) in section 18—

(A) in subsection (b)(4)—

(i) in subparagraph (B), by striking "section 4(4)" and inserting "section 4(a)(4)";

(ii) in subparagraph (C), by striking "section 4(6)" and inserting "section 4(a)(6)"; and

(iii) in subparagraph (F), by striking "section 4(2)" each place such term appears and inserting "section 4(a)(2)"; and

(B) in subsection (c)(1)(B), by striking "section 4(6)" and inserting "section 4(a)(6)";

SEC. 104. SMALL BUSINESS INVESTOR CAPITAL ACCESS.

Section 203(m) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3(m)) is amended—

(1) in paragraph (1), by striking "$150,000,000" and inserting "$175,000,000"; and

(2) by adding at the end the following:

"(5) INFLATION ADJUSTMENT.—The Commission shall, every 5 years, adjust the dollar amount described under paragraph (1) to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor, and round such dollar amount to the nearest multiple of $1,000,000."

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SEC. 105. ADVOCATING FOR SMALL BUSINESS.

Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following:

"(k) OFFICES OF SMALL BUSINESS.—The Commission shall ensure that, within each of the Division of Corporation Finance, the Division of Investment Management, and the Division

~~of Trading and Markets, an Office of Small Business is established that shall coordinate with the Office of the Advocate for Small Business Capital Formation on rules and policy priorities related to capital formation."~~

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~~SEC. 106. SMALL ENTITY UPDATE.~~

~~(a) DEFINITIONS.—In this section—~~

~~(1) the term "Commission" means the Securities and Exchange Commission; and~~

~~(2) the term "small entity"—~~

~~(A) has the meaning given the term in section 601 of title 5, United States Code, with respect to the activities of the Commission; and~~

~~(B) includes any definition established by the Commission of the term "small business", "small organization", "small governmental jurisdiction", or "small entity" under paragraph (3), (4), (5), or (6), respectively, of section 601 of title 5, United States Code, with respect to the activities of the Commission.~~

~~(b) STUDIES AND REPORTS.—Not later than 1 year after the date of enactment of this Act, and again 5 years thereafter, the Commission shall—~~

~~(1) conduct a study of the definition of the term "small entity" with respect to the activities of the Commission for the purposes of chapter 6 of title 5, United States Code, which shall consider—~~

~~(A) the extent to which the definition of the term "small entity", as in effect during the period in which the study is conducted, aligns with the findings and declarations made under section 2(a) of the Regulatory Flexibility Act (5 U.S.C. 601 note);~~

~~(B) the amount by which financial markets in the United States have grown since the last time the Commission amended the definition of the term "small entity", if applicable; and~~

~~(C) how the Commission should define the term "small entity" to ensure that the entities that would fall under that definition be appropriately considered a "small entity" consistent with subparagraphs (A) and (B); and~~

~~(2) submit to Congress a report that includes—~~

~~(A) the results of the applicable study conducted under paragraph (1); and~~

~~(B) specific and detailed recommendations on the ways in which the Commission could amend the definition of the term "small entity" to—~~

~~(i) be consistent with the results described in subparagraph (A); and~~

~~(ii) expand the number of entities covered by such definition.~~

~~(c) PROPOSED RULE REVISIONS IN LIEU OF STUDY.—~~

~~(1) INITIAL STUDY.—The Commission may satisfy the requirement to conduct the first study described in subsection (b)(1) and submit the associated report described in subsection (b)(2) by, within 1 year of the date of enactment of this Act, proposing revisions to the rules of the Commission relating to the term "small entity" in consideration of subparagraphs (A), (B), and (C) of subsection (b)(1).~~

~~(2) SECOND STUDY.—The Commission may satisfy the requirement to conduct the second study described in subsection (b)(1) and submit the associated report described in subsection (b)(2) by, no sooner than 5 years and no later than 6 years after the date of enactment of this Act, proposing revisions to the rules of the Commission relating to the term "small entity" in consideration of subparagraphs (A), (B), and (C) of subsection (b)(1).~~

(d) RULEMAKING.—Concurrently with, or after the completion of, each study required under subsection (b), the Commission shall, subject to public notice and comment, revise the rules of the Commission consistent with the results of such study.

(e) INFLATION ADJUSTMENTS.—After the Commission issues the final rule revisions required under subsection (c), and every 5 years thereafter, the Commission shall adjust any dollar figures under the definition of small entity established by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

SEC. 107. IMPROVING ACCESS TO SMALL BUSINESS INFORMATION.

Section 4(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(i)) is amended by adding at the end the following:

"(10) PRESERVATION OF INFORMATION COLLECTION BURDEN REVIEW.—

"(A) IN GENERAL.—Actions taken by the Advocate for Small Business Capital Formation under this subsection shall not be a 'collection of information' for purposes of subchapter I of chapter 35 of title 44, United States Code (commonly known as the 'Paperwork Reduction Act').

"(B) EXCEPTIONS.—Notwithstanding subparagraph (A), the requirements under subsections (c)(1), (c)(4), and (i) of section 3506 of title 44, United States Code, and section 3507(a)(1)(A) of such title shall apply to actions taken by the Advocate for Small Business Capital Formation under this subsection, except that the Commission shall not be required—

"(i) to submit a collection of information by the Advocate to the Director of the Office of Management and Budget, as referenced under section 3506(c)(1)(A) of such title;

"(ii) to display a control number on a collection of information by the Advocate, as described under section 3506(c)(1)(B)(i) of such title (or to inform a person receiving a collection of information from the Advocate that the collection of information needs to display a control number, as described under section 3506(c)(1)(B)(iii)(V) of such title); or

"(iii) to indicate a collection of information by the Advocate is in accordance with the clearance requirements of section 3507 of such title, as described under section 3506(c)(1)(B)(ii) of such title."

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SEC. 108. IMPROVING CAPITAL ALLOCATION FOR NEWCOMERS.

(a) QUALIFYING VENTURE CAPITAL FUNDS.—Section 3(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking "250 persons" and inserting "500 persons"; and

(2) in subparagraph (C)(i)—

(A) by striking "$10,000,000" and inserting "$50,000,000"; and

(B) by striking "beginning from a measurement made by the Commission on a date selected by the Commission" and inserting "beginning from a measurement made on the date of the enactment of the INVEST Act of 2025".

(b) STUDY AND RULEMAKING.—

(1) IN GENERAL.—Beginning 5 years after the date of enactment of this Act, the Advocate for Small Business Capital Formation, in consultation with the Investor Advocate, shall conduct a study on the effect of the amendments made by subsection (a) on the businesses and startup entities in which qualifying venture capital funds invest, specifically including, with respect to such businesses and startup entities, changes or trends relating to—

(A) the geographic distribution of capital to portfolio companies;

(B) the socio-economic characteristics of founders or controlling persons;

(C) the veteran status of founders or controlling persons;

(D) the industry sector, size, stage of development, and related details; and

(E) other factors or metrics determined by the Advocate for Small Business Capital Formation.

(2) AUTHORITIES RELATED TO REQUIRED STUDY.—For purposes of conducting the study required by paragraph (1), the Advocate for Small Business Capital Formation and the Investor Advocate shall have the authority to—

(A) obtain from the Securities and Exchange Commission (in this section referred to as the "Commission") and utilize any data or information necessary to carry out the study;

(B) request and receive assistance from any division or office of the Commission, including the Division of Economic and Risk Analysis; and

(C) enter into agreements with third parties to assist in data analysis.

(3) REPORT.—The Advocate for Small Business Capital Formation shall issue a report to the Congress containing all findings and determinations made in carrying out the study required in paragraph (1), and make such report available to the public on the website of the Commission.

(4) PUBLIC COMMENT.—During the 180-day period beginning on the date the report is issued under paragraph (3), the Commission shall solicit feedback from the public on the findings and determinations contained in the report.

(5) RULEMAKING.—

(A) IN GENERAL.—The Commission, in consultation with the Investor Advocate and the Advocate for Small Business Capital Formation, may, after considering all comments received under paragraph (3) and only if the Commission determines in such report that the amendments made by subsection (a) have had a demonstrable effect on increasing the geographic distribution of capital to portfolio companies, increasing the variety of the socio-economic characteristics of founders or controlling persons, or increasing the number of founders or controlling persons who are veterans, issue rules to—

(i) increase or decrease the 500 person threshold described in the matter preceding subparagraph (A) of section 3(c)(1) of the Investment Company Act of 1940, but such threshold may not exceed 750 persons or be reduced below 250 persons; and

(ii) increase or decrease the $50,000,000 dollar figure in section 3(c)(1)(C)(i) of the Investment Company Act of 1940, but such dollar figure may not exceed $100,000,000 or be reduced below $10,000,000.

(B) DEADLINE FOR RULEMAKING.—The rulemaking authority in subparagraph (A) only applies to a rule with respect to which the proposed rule was issued during the 180-day period beginning at the end of the public comment period described in paragraph (4).

(C) NO EFFECT ON INFLATION ADJUSTMENTS.—A rule issued under this subsection shall have no effect on the requirement under clause (i) of section 3(c)(1)(C) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)(C)) to index the first dollar amount in such clause for inflation.

SEC. 109. DEVELOPING AND EMPOWERING OUR ASPIRING LEADERS.

Not later than the end of the 180-day period beginning on the date of the enactment of this Act, the Securities and Exchange Commission shall—

~~(1) revise the definition of a qualifying investment under paragraph (c) of section 275.203(l)–1 of title 17, Code of Federal Regulations—~~

~~(A) to include an equity security issued by a qualifying portfolio company, whether acquired directly from the company or in a secondary acquisition; and~~

~~(B) to specify that an investment in another venture capital fund (as defined in paragraph (a) section 275.203(l)–1 of title 17, Code of Federal Regulations) is a qualifying investment under such definition; and~~

~~(2) revise paragraph (a) of such section to require, as a condition of a private fund qualifying as a venture capital fund under such paragraph, that, immediately after the acquisition of any asset, such fund holds no more than 49 percent of the amount of the fund's aggregate capital contributions and uncalled committed capital (excluding short-term holdings) in—~~

~~(A) one or more venture capital funds; or~~

~~(B) qualifying investments acquired in a secondary acquisition, valued at cost or fair value, consistently applied by the fund.~~

SEC. ~~106.~~*2. STUDIES, REPORTS, AND RULES REGARDING* SMALL ~~ENTITY UPDATE~~*ENTITIES*.

(a) DEFINITIONS.—In this section—

(1) the term "Commission" means the Securities and Exchange Commission; and

(2) the term "small entity"—

(A) has the meaning given the term in section 601 of title 5, United States Code, with respect to the activities of the Commission; and

(B) includes any definition established by the Commission of the term "small business", "small organization", "small governmental jurisdiction", or "small entity" under paragraph (3), (4), (5), or (6), respectively, of section 601 of title 5, United States Code, with respect to the activities of the Commission.

(b) STUDIES AND REPORTS.—Not later than 1 year after the date of enactment of this Act, and again 5 years thereafter, the Commission shall—

(1) conduct a study of the definition of the term "small entity" with respect to the activities of the Commission for the purposes of chapter 6 of title 5, United States Code, which shall consider—

(A) the extent to which the definition of the term "small entity", as in effect during the period in which the study is conducted, aligns with the findings and declarations made under section 2(a) of the Regulatory Flexibility Act (5 U.S.C. 601 note);

(B) the amount by which financial markets in the United States have grown since the last time the Commission amended the definition of the term "small entity", if applicable; and

(C) how the Commission should define the term "small entity" to ensure that ~~the~~*a meaningful number of* entities ~~that~~ would fall under that definition ~~be appropriately considered a "small entity" consistent with subparagraphs (A) and (B)~~; and

(2) submit to Congress a report that includes—

(A) the results of the applicable study conducted under paragraph (1); and

(B) specific and detailed recommendations on the ways in which the Commission could amend the definition of the term "small entity" to—

(i) be consistent with the results described in subparagraph (A); and

(ii) expand the number of entities covered by such definition.

(c) ~~Proposed Rule Revisions in Lieu of Study.—~~

~~(1) INITIAL STUDY.—The Commission may satisfy the requirement to conduct the first study described in subsection (b)(1) and submit the associated report described in subsection (b)(2) by, within 1 year of the date of enactment of this Act, proposing revisions to the rules of the Commission relating to the term "small entity" in consideration of subparagraphs (A), (B), and (C) of subsection (b)(1).~~

~~(2) SECOND STUDY.—The Commission may satisfy the requirement to conduct the second study described in subsection (b)(1) and submit the associated report described in subsection (b)(2) by, no sooner than 5 years and no later than 6 years after the date of enactment of this Act, proposing revisions to the rules of the Commission relating to the term "small entity" in consideration of subparagraphs (A), (B), and (C) of subsection (b)(1).~~

~~(d)~~

RULEMAKING.—Concurrently with, or after the completion of, each study required under subsection (b), the Commission shall, subject to public notice and comment, revise the rules of the Commission consistent with the results of such study.

(~~e~~*d*) INFLATION ADJUSTMENTS.—After the Commission ~~issues~~*issued* the final rule revisions required under subsection (c), and every 5 years thereafter, the Commission shall adjust any dollar figures under the definition of small entity established by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

~~TITLE II—~~

~~INCREASING OPPORTUNITIES FOR INVESTORS~~

~~SEC. 201. FAIR INVESTMENT OPPORTUNITIES FOR PROFESSIONAL EXPERTS.~~

~~(a) IN GENERAL.—Section 2(a)(15) of the Securities Act of 1933 (15 U.S.C. 77b(a)(15)) is amended—~~

~~(1) by redesignating subparagraphs (i) and (ii) as subparagraphs (A) and (F), respectively; and~~

~~(2) in subparagraph (A) (as so redesignated), by striking "; or" and inserting a semicolon, and inserting after such subparagraph the following:~~

~~"(B) with respect to a proposed sale of a security, any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of such sale, exceeds $1,000,000 (which amount, along with the amounts set forth in subparagraph (C), shall be adjusted for inflation by the Commission every 5 years to the nearest $10,000 to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics) where, for purposes of calculating net worth under this subparagraph—~~

~~"(i) the person's primary residence shall not be included as an asset;~~

~~"(ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of such sale, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of such sale exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and~~

~~"(iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of such sale shall be included as a liability;~~

~~"(C) any natural person who had an individual income in excess of $200,000 in each of the 2 most recent years or joint income with that person's spouse or spousal~~

equivalent in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

"(D) any natural person who is—

"(i) currently licensed or registered as a broker or investment adviser by the Commission, a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934), or the securities division of a State, the District of Columbia, or a territory of the United States or the equivalent division responsible for licensing or registration of individuals in connection with securities activities; and

"(ii) in good standing with respect to such license or registration;

"(E) any natural person the Commission determines, by regulation, to have demonstrable education or job experience to qualify such person as having professional knowledge of a subject related to a particular investment, and whose education or job experience is verified by a self-regulatory organization (as defined in section 3(a) of the Securities Exchange Act of 1934); or"

;

(b) RULEMAKING.—Not later than 180 days after the date of enactment of this Act, the Securities and Exchange Commission shall revise the definition of accredited investor under Regulation D (17 CFR 230.500 et seq.) to conform with the amendments made by subsection (a).

SEC. 202. RETIREMENT FAIRNESS FOR CHARITIES AND EDUCATIONAL INSTITUTIONS.

(a) AMENDMENTS TO THE INVESTMENT COMPANY ACT OF 1940.—Section 3(c)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(11)) is amended to read as follows:

"(11) Any—

"(A) employee's stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986;

"(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

"(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)(C));

"(D) collective trust fund maintained by a bank consisting solely of assets of one or more—

"(i) trusts described in subparagraph (A);

"(ii) governmental plans described in subparagraph (C);

"(iii) church plans, companies, or accounts that are excluded from the definition of an investment company under paragraph (14) of this subsection; or

"(iv) plans which meet the requirements of section 403(b) of the Internal Revenue Code of 1986—

"(I) if—

"(aa) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.);

"(bb) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose; or

"(cc) such plan is a governmental plan (as defined in section 414(d) of such Code); and

"(II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative

offered under such plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan; or

"(E) separate account the assets of which are derived solely from—

"(i) contributions under pension or profit-sharing plans which meet the requirements of section 401 of the Internal Revenue Code of 1986 or the requirements for deduction of the employer's contribution under section 404(a)(2) of such Code;

"(ii) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 (15 U.S.C. 77e) by section 3(a)(2)(C) of such Act (15 U.S.C. 77c(a)(2)(C));

"(iii) advances made by an insurance company in connection with the operation of such separate account; and

"(iv) contributions to a plan described in clause (iii) or (iv) of subparagraph (D)."

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(b) AMENDMENTS TO THE SECURITIES ACT OF 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended—

(1) by striking "beneficiaries, or (D)" and inserting "beneficiaries, (D) a plan which meets the requirements of section 403(b) of such Code (i) if (I) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (II) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (III) such plan is a governmental plan (as defined in section 414(d) of such Code), and (ii) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under clause (i)(III) prior to the investment being offered to participants in the plan, or (E)";

(2) by striking "(C), or (D)" and inserting "(C), (D), or (E)"; and

(3) by striking "(iii) which is a plan funded" and all that follows through "retirement income account)." and inserting "(iii) in the case of a plan not described in subparagraph (D) or (E), which is a plan funded by an annuity contract described in section 403(b) of such Code".

(c) AMENDMENTS TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(C) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(C)) is amended—

(1) by striking "or (iv)" and inserting "(iv) a plan which meets the requirements of section 403(b) of such Code (I) if (aa) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (bb) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan's investments among which participants can choose, or (cc) such plan is a governmental plan (as defined in section 414(d) of such Code), and (II) if the employer, a fiduciary of the plan, or another person acting on behalf of the employer reviews and approves each investment alternative offered under any plan described under subclause (I)(cc) prior to the investment being offered to participants in the plan, or (v)";

(2) by striking "(ii), or (iii)" and inserting "(ii), (iii), or (iv)"; and

(3) by striking "(II) is a plan funded" and inserting "(II) in the case of a plan not described in clause (iv), is a plan funded".

(d) CONFORMING AMENDMENT TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 12(g)(2)(H) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(g)(2)(H)) is amended by striking "or (iii)" and inserting "(iii) a plan described in section 3(a)(12)(C)(iv) of this Act, or (iv)".

~~SEC. 203. EQUAL OPPORTUNITY FOR ALL INVESTORS.~~

~~(a) IN GENERAL.—The Commission shall revise the definition of "accredited investor" under Regulation D (section 230.500 et seq. of title 17, Code of Federal Regulations) to include any natural person who is certified through the examination required under subsection (b).~~

~~(b) ESTABLISHMENT OF EXAMINATION.—Not later than 1 year after the date of the enactment of this Act, the Commission shall establish an examination (including a test, certification, or examination program)—~~

~~(1) to certify an individual as an accredited investor; and~~

~~(2) that—~~

~~(A) is designed with an appropriate level of difficulty such that an individual with financial sophistication would be unlikely to fail; and~~

~~(B) includes methods to determine whether an individual seeking to be certified as an accredited investor demonstrates competency with respect to—~~

~~(i) the different types of securities;~~

~~(ii) the disclosure requirements under the securities laws applicable to issuers and offerings of securities exempt from registration under section 5 of the Securities Act of 1933 as compared to issuers and offerings of securities subject to such section 5;~~

~~(iii) corporate governance;~~

~~(iv) financial statements and the components of such statements;~~

~~(v) aspects of unregistered securities, securities issued by private companies, and investments into private funds, including risks associated with—~~

~~(I) limited liquidity;~~

~~(II) limited disclosures;~~

~~(III) subjectivity and variability in valuations and the analytical tools investors may use to assess such valuations;~~

~~(IV) information asymmetry;~~

~~(V) leverage risks;~~

~~(VI) concentration risk; and~~

~~(VII) longer investment horizons;~~

~~(vi) potential conflicts of interest, when the interests of financial professionals and their clients are misaligned or when their professional responsibilities may be in conflict with financial motivations; and~~

~~(vii) such other criteria as the Commission determines necessary or appropriate in the public interest or for the protection of investors.~~

~~(c) ADMINISTRATION.—Beginning not later than 180 days after the date the examination is established under subsection (b), such examination shall be administered and offered free of charge to the public by a registered national securities association under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3).~~

~~(d) COMMISSION DEFINED.—In this section, the term "Commission" means the Securities and Exchange Commission.~~

~~SEC. 204. SENIOR SECURITY.~~

~~(a) SENIOR INVESTOR TASKFORCE.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d), as amended by section 105 is further amended by adding at the end the following:~~

~~"(l) SENIOR INVESTOR TASKFORCE.—~~

~~"(1) ESTABLISHMENT.—There is established within the Commission the Senior Investor Taskforce (in this subsection referred to as the 'Taskforce').~~

~~"(2) DIRECTOR OF THE TASKFORCE.—The head of the Taskforce shall be the Director, who shall—~~

~~"(A) report directly to the Chairman; and~~

~~"(B) be appointed by the Chairman, in consultation with the Commission, from among individuals—~~

~~"(i) currently employed by the Commission or from outside of the Commission; and~~

~~"(ii) having experience in advocating for the interests of senior investors.~~

~~"(3) STAFFING.—The Chairman shall ensure that—~~

~~"(A) the Taskforce is staffed sufficiently to carry out fully the requirements of this subsection; and~~

~~"(B) such staff shall include individuals from the Division of Enforcement, Office of Compliance Inspections and Examinations, and Office of Investor Education and Advocacy.~~

~~"(4) NO COMPENSATION FOR MEMBERS OF TASKFORCE.—All members of the Taskforce appointed under paragraph (2) or (3) shall serve without compensation in addition to that received for their services as officers or employees of the United States.~~

~~"(5) MINIMIZING DUPLICATION OF EFFORTS.—In organizing and staffing the Taskforce, the Chairman shall take such actions as may be necessary to minimize the duplication of efforts within the divisions and offices described under paragraph (3)(B) and any other divisions, offices, or taskforces of the Commission.~~

~~"(6) FUNCTIONS OF THE TASKFORCE.—The Taskforce shall—~~

~~"(A) identify challenges that senior investors encounter, including problems associated with financial exploitation and cognitive decline;~~

~~"(B) identify areas in which senior investors would benefit from changes in the regulations of the Commission or the rules of self-regulatory organizations;~~

~~"(C) coordinate, as appropriate, with other offices within the Commission, other taskforces that may be established within the Commission, self-regulatory organizations, and the Elder Justice Coordinating Council; and~~

~~"(D) consult, as appropriate, with State securities and law enforcement authorities, State insurance regulators, and other Federal agencies.~~

~~"(7) REPORT.—The Taskforce, in coordination, as appropriate, with the Office of the Investor Advocate and self-regulatory organizations, and in consultation, as appropriate, with State securities and law enforcement authorities, State insurance regulators, and Federal agencies, shall issue a report every 2 years to the Committee on Banking, Housing, and Urban Affairs and the Special Committee on Aging of the Senate and the Committee on Financial Services of the House of Representatives, the first of which shall not be issued until after the report described in section 3 of the National Senior Investor Initiative Act of 2025 has been issued and considered by the Taskforce, containing—~~

~~"(A) appropriate statistical information and full and substantive analysis;~~

~~"(B) a summary of recent trends and innovations that have impacted the investment landscape for senior investors;~~

~~"(C) a summary of regulatory initiatives that have concentrated on senior investors and industry practices related to senior investors;~~

~~"(D) key observations, best practices, and areas needing improvement, involving senior investors identified during examinations, enforcement actions, and investor education outreach;~~

"(E) a summary of the most serious issues encountered by senior investors, including issues involving financial products and services;

"(F) an analysis with regard to existing policies and procedures of brokers, dealers, investment advisers, and other market participants related to senior investors and senior investor-related topics and whether these policies and procedures need to be further developed or refined;

"(G) recommendations for such changes to the regulations, guidance, and orders of the Commission and self-regulatory organizations and such legislative actions as may be appropriate to resolve problems encountered by senior investors; and

"(H) any other information, as determined appropriate by the Director of the Taskforce.

"(8) REQUEST FOR REPORTS.—The Taskforce shall make any report issued under paragraph (7) available to a Member of Congress who requests such a report.

"(9) SUNSET.—The Taskforce shall terminate after the end of the 10-year period beginning on the date of the enactment of this subsection.

"(10) SENIOR INVESTOR DEFINED.—In this subsection, the term 'senior investor' means an investor over the age of 65.

"(11) USE OF EXISTING FUNDS.—The Commission shall use existing funds to carry out this subsection."

.

(b) GAO STUDY.—

(1) STUDY.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress and the Senior Investor Taskforce the results of a study of financial exploitation of senior citizens.

(2) CONTENTS.—The study required under paragraph (1) shall include information with respect to—

(A) economic costs of the financial exploitation of senior citizens—

(i) associated with losses by victims that were incurred as a result of the financial exploitation of senior citizens;

(ii) incurred by State and Federal agencies, law enforcement and investigatory agencies, public benefit programs, public health programs, and other public programs as a result of the financial exploitation of senior citizens;

(iii) incurred by the private sector as a result of the financial exploitation of senior citizens; and

(iv) any other relevant costs that—

(I) result from the financial exploitation of senior citizens; and

(II) the Comptroller General determines are necessary and appropriate to include in order to provide Congress and the public with a full and accurate understanding of the economic costs resulting from the financial exploitation of senior citizens in the United States;

(B) frequency of senior financial exploitation and correlated or contributing factors —

(i) information about percentage of senior citizens financially exploited each year; and

(ii) information about factors contributing to increased risk of exploitation, including such factors as race, social isolation, income, net worth, religion, region, occupation, education, home-ownership, illness, and loss of spouse; and

(C) policy responses and reporting of senior financial exploitation—

(i) the degree to which financial exploitation of senior citizens unreported to authorities;

(ii) the reasons that financial exploitation may be unreported to authorities;

(iii) to the extent that suspected elder financial exploitation is currently being reported—

(I) information regarding which Federal, State, and local agencies are receiving reports, including adult protective services, law enforcement, industry, regulators, and professional licensing boards;

(II) information regarding what information is being collected by such agencies; and

(III) information regarding the actions that are taken by such agencies upon receipt of the report and any limits on the agencies' ability to prevent exploitation, such as jurisdictional limits, a lack of expertise, resource challenges, or limiting criteria with regard to the types of victims they are permitted to serve;

(iv) an analysis of gaps that may exist in empowering Federal, State, and local agencies to prevent senior exploitation or respond effectively to suspected senior financial exploitation; and

(v) an analysis of the legal hurdles that prevent Federal, State, and local agencies from effectively partnering with each other and private professionals to effectively respond to senior financial exploitation.

(3) SENIOR CITIZEN DEFINED.—In this subsection, the term "senior citizen" means an individual over the age of 65.

SEC. 205. IMPROVING DISCLOSURE FOR INVESTORS.

(a) PROMULGATION OF RULES.—Not later than 180 days after the date of the enactment of this section, the Securities and Exchange Commission shall propose and, not later than 1 year after the date of the enactment of this section, the Commission shall finalize rules, regulations, amendments, or interpretations, as appropriate, to allow a covered entity to satisfy the entity's obligation to deliver regulatory documents required under the securities laws to investors using electronic delivery.

(b) REQUIRED PROVISIONS.—Rules, regulations, amendments, or interpretations the Commission promulgates pursuant to subsection (a) shall:

(1) With respect to investors that do not receive all regulatory documents by electronic delivery, provide for—

(A) delivery of an initial communication in paper form regarding electronic delivery;

(B) a transition period not to exceed 180 days until such regulatory documents are delivered to such investors by electronic delivery; and

(C) during a period not to exceed 2 years following the transition period set forth in subparagraph (B), delivery of an annual notice in paper form solely reminding such investors of the ability to opt out of electronic delivery at any time and receive paper versions of regulatory documents.

(2) Set forth requirements for the content of the initial communication described in paragraph (1)(A).

(3) Set forth requirements for the timing of delivery of a notice of website availability of regulatory documents and the content of the appropriate notice described in subsection (g)(3)(B).

(4) Provide a mechanism for investors to opt out of electronic delivery at any time and receive paper versions of regulatory documents.

(5) Require measures reasonably designed to identify and remediate failed electronic deliveries of regulatory documents.

(6) Set forth minimum requirements regarding readability and retainability for regulatory documents that are delivered electronically.

(7) For covered entities other than brokers, dealers, investment advisers registered with the Commission, and investment companies, require measures reasonably designed to ensure the confidentiality of personal information in regulatory documents that are delivered to investors electronically.

(c) EXEMPTION FROM CERTAIN REQUIREMENTS.—Section 101(c) of the Electronic Signatures in Global and National Commerce Act (15 U.S.C. 7001(c)) shall not apply with respect to a regulatory document delivered in accordance with this section.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as altering the substance or timing of any regulatory document obligation under the securities laws or regulations of a self-regulatory organization.

(e) TREATMENT OF REVISIONS NOT COMPLETED IN A TIMELY MANNER.—If the Commission fails to finalize the rules, regulations, amendments, or interpretations required under subsection (a) before the date specified in such subsection—

(1) a covered entity may deliver regulatory documents using electronic delivery in accordance with subsections (b) and (c); and

(2) such electronic delivery shall be deemed to satisfy the obligation of the covered entity to deliver regulatory documents required under the securities laws.

(f) OTHER REQUIRED ACTIONS.—

(1) REVIEW OF RULES.—The Commission shall—

(A) within 180 days of the date of enactment of this Act, conduct a review of the rules and regulations of the Commission to determine whether any such rules or regulations require delivery of written documents to investors; and

(B) within 1 year of the date of enactment of this Act, promulgate amendments to such rules or regulations to provide that any requirement to deliver a regulatory document "in writing" may be satisfied by electronic delivery.

(2) ACTIONS BY SELF-REGULATORY ORGANIZATIONS.—Each self-regulatory organization shall adopt rules and regulations, or amend the rules and regulations of the self-regulatory organization, consistent with this section and consistent with rules, regulations, amendments, or interpretations finalized by the Commission pursuant to subsection (a).

(3) RULE OF APPLICATION.—This subsection shall not apply to a rule or regulation issued pursuant to a Federal statute if that Federal statute specifically requires delivery of paper documents to investors.

(g) DEFINITIONS.—In this section:

(1) COMMISSION.—The term "Commission" means the Securities and Exchange Commission.

(2) COVERED ENTITY.—The term "covered entity" means—

(A) an investment company (as defined in section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)(1))) that is registered under such Act;

(B) a business development company (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) that has elected to be regulated as such under such Act;

(C) a registered broker or dealer (as such terms are defined, respectively, in paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)));

(D) a registered municipal securities dealer (as defined in section 3(a)(30) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(30)));

(E) a registered government securities broker or government securities dealer (as such terms are defined, respectively, in paragraphs (43) and (44) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)));

(F) a registered investment adviser (as defined in section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-1(a)(11)));

(G) a registered transfer agent (as defined in section 3(a)(25) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(25))); or

(H) a registered funding portal (as defined in the second paragraph (80) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))).

(3) ELECTRONIC DELIVERY.—The term "electronic delivery", with respect to regulatory documents, includes—

(A) the direct delivery of such regulatory document to an electronic address of an investor;

(B) the posting of such regulatory document to a website, and direct delivery of an appropriate notice of the availability of the regulatory document to an electronic address of the investor; or

(C) any other electronic method reasonably designed to ensure receipt of such regulatory document by the investor.

(4) REGULATORY DOCUMENTS.—The term "regulatory documents" includes—

(A) prospectuses meeting the requirements of section 10(a) of the Securities Act of 1933 (15 U.S.C. 77j(a));

(B) summary prospectuses meeting the requirements of—

(i) section 230.498 of title 17, Code of Federal Regulations; or

(ii) section 230.498A of title 17, Code of Federal Regulations;

(C) statements of additional information, as described under section 270.30e–3(h)(2) of title 17, Code of Federal Regulations;

(D) annual and semi-annual reports to investors meeting the requirements of section 30(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–29(e));

(E) notices meeting the requirements under section 270.19a–1 of title 17, Code of Federal Regulations;

(F) confirmations and account statements meeting the requirements under section 240.10b of title 17, Code of Federal Regulations;

(G) proxy statements meeting the requirements under section 240.14a–3 of title 17, Code of Federal Regulations;

(H) privacy notices meeting the requirements of Regulation S–P under subpart A of part 248 of title 17, Code of Federal Regulations;

(I) affiliate marketing notices meeting the requirements of Regulation S–AM under subpart B of part 248 of title 17, Code of Federal Regulations; and

(J) all other regulatory documents required to be delivered by covered entities to investors under the securities laws and the rules and regulations of the Commission and the self-regulatory organizations.

(5) SECURITIES LAWS.—The term "securities laws" has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(6) SELF-REGULATORY ORGANIZATION.—The term "self-regulatory organization" means—

(A) a self-regulatory organization, as defined in section 3(a)(26) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(26)); and

(B) the Municipal Securities Rulemaking Board.

(7) WEBSITE.—The term "website" means an internet website or other digital, internet, or electronic-based information repository, including a mobile application.

SEC. 206. INCREASING INVESTOR OPPORTUNITIES.

(a) IN GENERAL.—Section 5 of the Investment Company Act of 1940 (15 U.S.C. 80a–5) is amended by adding at the end the following:

"(d) CLOSED-END COMPANY AUTHORITY TO INVEST IN PRIVATE FUNDS.—

"(1) IN GENERAL.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not prohibit or otherwise limit a closed-end company from investing any or all of the assets of the closed-end company in securities issued by private funds.

"(2) OTHER RESTRICTIONS ON COMMISSION AUTHORITY.—Except as otherwise prohibited or restricted by this Act (or any rule issued under this Act), the Commission may not impose any condition on, restrict, or otherwise limit—

"(A) the offer to sell, or the sale of, securities issued by a closed-end company that invests, or proposes to invest, in securities issued by private funds; or

"(B) the listing of the securities of a closed-end company described in subparagraph (A) on a national securities exchange.

"(3) UNRELATED RESTRICTIONS.—The Commission may impose a condition on, restrict, or otherwise limit an activity described in paragraph (1) or subparagraph (A) or (B) of paragraph (2) if that condition, restriction, or limitation is unrelated to the underlying characteristics of a private fund or the status of a private fund as a private fund.

"(4) RULE OF APPLICATION.—Notwithstanding section 6(f), this subsection shall also apply to a closed-end company that elects to be treated as a business development company pursuant to section 54."

.

(b) DEFINITION OF PRIVATE FUND.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by adding at the end the following:

"(55) The term 'private fund' has the meaning given in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a))."

.

(c) TREATMENT BY NATIONAL SECURITIES EXCHANGES.—Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) is amended by adding at the end the following:

"(m)(1) Except as otherwise prohibited or restricted by rules of the exchange that are consistent with section 5(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(d)), an exchange may not prohibit, condition, restrict, or impose any other limitation on the listing or trading of the securities of a closed-end company when the closed-end company invests, or may invest, some or all of the assets of the closed-end company in securities issued by private funds.

"(2) In this subsection—

"(A) the term 'closed-end company'—

"(i) has the meaning given the term in section 5(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)); and

"(ii) includes a closed-end company that elects to be treated as a business development company pursuant to section 54 of the Investment Company Act of 1940 (15 U.S.C. 80a–53); and

"(B) the term 'private fund' has the meaning given in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a))."

.

(d) INVESTMENT LIMITATION.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), in the second sentence, by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)"; and

(2) in paragraph (7)(D), by striking "subparagraphs (A)(i) and (B)(i)" and inserting "subparagraphs (A)(i), (B)(i), and (C)".

(c) RULES OF CONSTRUCTION.—

(1) Nothing in this section or the amendments made by this section may be construed to limit or amend any fiduciary duty owed to a closed-end company (as defined in section 5(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) or by an investment adviser (as defined under section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) to a closed-end company.

(2) Nothing in this section or the amendments made by this section may be construed to limit or amend the valuation, liquidity, or redemption requirements or obligations of a closed-end company (as defined in section 5(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a–5(a)(2))) as required by the Investment Company Act of 1940.

TITLE III—

STRENGTHENING PUBLIC MARKETS

SEC. 301. ENCOURAGING LOCAL EMERGING VENTURES AND ECONOMIC GROWTH.

Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(b)) is amended—

(1) in paragraph (1)(K), by striking "years," and inserting "years (or, in the case of an emerging growth company, not more than the two preceding years),"; and

(2) by adding at the end the following:

"Any issuer may confidentially submit to the Commission a draft registration statement for confidential nonpublic review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than 10 days before listing on a national securities exchange. Notwithstanding any other provision of this title, the Commission shall not be compelled to disclose any information provided to or obtained by the Commission pursuant to this subsection. For purposes of section 552 of title 5, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. Information described in or obtained pursuant to this subsection shall be deemed to constitute confidential information for purposes of section 24."

.

SEC. 302. ACCESS TO SMALL BUSINESS INVESTOR CAPITAL.

(a) DEFINITIONS.—For purposes of this section:

(1) ACQUIRED FUND.—The term "Acquired Fund" has the meaning given the term in Forms N–1A, N–2, and N–3.

(2) ACQUIRED FUND FEES AND EXPENSES.—The term "Acquired Fund Fees and Expenses" means the Acquired Fund Fees and Expenses sub-caption in the Fee Table Disclosure.

(3) BUSINESS DEVELOPMENT COMPANY.—The term "business development company" has the meaning given the term in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)).

(4) FEE TABLE DISCLOSURE.—The term "Fee Table Disclosure" means the fee table described in Item 3 of Form N–1A, Item 3 of Form N–2, or Item 4 of Form N–3 (as applicable, and with respect to each, in any successor fee table disclosure that the Securities and Exchange Commission adopts).

(5) FORM N–1A.—The term "Form N–1A" means the form described in section 274.11A of title 17, Code of Federal Regulations, or any successor regulation.

(6) FORM N–2.—The term "Form N–2" means the form described in section 274.11a–1 of title 17, Code of Federal Regulations, or any successor regulation.

(7) FORM N–3.—The term "Form N–3" means the form described in section 274.11b of title 17, Code of Federal Regulations, or any successor regulation.

(8) REGISTERED INVESTMENT COMPANY.—The term "registered investment company" means an investment company, as defined under section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)), registered with the Securities and Exchange Commission under such Act.

(b) EXCLUDING BUSINESS DEVELOPMENT COMPANIES FROM ACQUIRED FUND FEES AND EXPENSES.—A registered investment company may, on any investment company registration statement filed pursuant to section 8(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(b)), omit from the calculation of Acquired Fund Fees and Expenses those fees and expenses that the investment company incurred indirectly as a result of investment in shares of one or more Acquired Funds that is a business development company.

SEC. 303. ENCOURAGING PUBLIC OFFERINGS.

(a) EXPANDING TESTING THE WATERS.—Section 5(d) of the Securities Act of 1933 (15 U.S.C. 77e(d)) is amended—

(1) by striking "Notwithstanding" and inserting the following:

"(1) IN GENERAL.—Notwithstanding"

;

(2) by striking "an emerging growth company or any person authorized to act on behalf of an emerging growth company" and inserting "an issuer or any person authorized to act on behalf of an issuer"; and

(3) by adding at the end the following:

"(2) ADDITIONAL REQUIREMENTS.—

"(A) IN GENERAL.—The Commission may promulgate regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the engaging in oral or written communications described under paragraph (1) by an issuer other than an emerging growth company as the Commission determines appropriate.

"(B) REPORT TO CONGRESS.—Prior to any rulemaking described under subparagraph (A), the Commission shall submit to Congress a report containing a list of the findings supporting the basis of the rulemaking."

.

(b) CONFIDENTIAL REVIEW OF DRAFT REGISTRATION STATEMENTS.—Section 6(e) of the Securities Act of 1933 (15 U.S.C. 77f(e)) is amended—

(1) in the heading, by striking "EMERGING GROWTH COMPANIES" and inserting "CONFIDENTIAL REVIEW OF DRAFT REGISTRATION STATEMENTS";

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—Any issuer may, with respect to an initial public offering, initial registration of a security of the issuer under section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(b)), or follow-on offering, confidentially submit to the Commission a draft registration statement, for confidential nonpublic review by the staff of the Commission prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed with the Commission not later than—

"(A) in the case of an initial public offering, 10 days before the effective date of such registration statement;

"(B) in the case of an initial registration of a security of the issuer under such section 12(b), 10 days before listing on an exchange; or

"(C) in the case of any offering after an initial public offering or an initial registration under such section 12(b), 48 hours before the effective date of such registration statement.

"(2) ADDITIONAL REQUIREMENTS.—

"(A) IN GENERAL.—The Commission may promulgate regulations, subject to public notice and comment, to impose such other terms, conditions, or requirements on the submission of draft registration statements described under this subsection by an issuer other than an emerging growth company as the Commission determines appropriate.

"(B) REPORT TO CONGRESS.—Prior to any rulemaking described under subparagraph (A), the Commission shall submit to Congress a report containing a list of the findings supporting the basis of the rulemaking."

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SEC. 304. GREENLIGHTING GROWTH.

(a) SECURITIES ACT OF 1933.—Section 7(a)(2) of the Securities Act of 1933 (15 U.S.C. 77g(a)(2)) is amended—

(1) in subparagraph (A), by striking "and" at the end;

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following:

"(B) need not present acquired company financial statements or information otherwise required under section 210.3–05 or section 210.8–04 of title 17, Code of Federal Regulations, or any successor thereto, for any period prior to the earliest audited period of the emerging growth company presented in connection with its initial public offering and, thereafter, in no event shall an issuer that was an emerging growth company but is no longer an emerging growth company be required to present financial statements of the issuer (or acquired company financial statements or information otherwise required under section 210.3–05 or section 210.8–04 of title 17, Code of Federal Regulations, or any successor thereto) for any period prior to the earliest audited period of the emerging growth company presented in connection with its initial public offering; and"

.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 12(b)(1)(K) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(b)(1)(K)) is amended by striking "firm" and inserting "firm, provided that the application of an emerging growth company need not present acquired company financial statements or information otherwise required under section 210.3–05 or section 210.8–04 of title 17, Code of Federal Regulations, or any successor thereto, for any period prior to the earliest audited period of the emerging growth company presented in connection with its application and, thereafter, in no event shall an issuer that was an emerging growth company but is no longer an emerging growth company be required to present financial statements of the issuer (or acquired company financial statements or information otherwise required under section 210.3–05 or section 210.8–04 of title 17, Code of Federal Regulations, or any successor thereto) for any period prior to the earliest audited period of the emerging growth company presented in connection with any application under this subsection".

SEC. 305. MIDDLE MARKET IPO COST.

(a) STUDY.—The Comptroller General of the United States, in consultation with the Securities and Exchange Commission and the Financial Industry Regulatory Authority, shall carry out a study of the costs associated with small- and medium-sized companies

~~to undertake initial public offerings ("IPOs"). In carrying out such study, the Comptroller General shall—~~

~~(1) consider the direct and indirect costs of an IPO, including—~~

~~(A) fees of accountants, underwriters, and any other outside advisors with respect to the IPO;~~

~~(B) compliance with Federal and State securities laws at the time of the IPO; and~~

~~(C) such other IPO-related costs as the Comptroller General may consider;~~

~~(2) compare and analyze the costs of an IPO with the costs of obtaining alternative sources of financing and of liquidity;~~

~~(3) consider the impact of such costs on capital formation;~~

~~(4) analyze the impact of these costs on the availability of public securities of small- and medium-sized companies to retail investors; and~~

~~(5) analyze trends in IPOs over a time period the Comptroller General determines is appropriate to analyze IPO pricing practices, considering—~~

~~(A) the number of IPOs;~~

~~(B) how costs for IPOs have evolved over time for underwriters, investment advisory firms, and other professions for services in connection with an IPO;~~

~~(C) the number of brokers and dealers active in underwriting IPOs;~~

~~(D) the different types of services that underwriters and related persons provide before and after a small- or medium-sized company IPO and the factors impacting IPOs costs;~~

~~(E) changes in the costs and availability of investment research for small- and medium-sized companies; and~~

~~(F) the impacts of litigation and its costs on being a public company.~~

~~(b) REPORT.—Not later than the end of the 360-day period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a) and any administrative or legislative recommendations the Comptroller General may have.~~

~~SEC. 306. EXPANDING WKSI ELIGIBILITY.~~

~~(a) IN GENERAL.—For purposes of the Federal securities laws, and regulations issued thereunder, an issuer shall be a "well-known seasoned issuer" if—~~

~~(1) the aggregate market value of the voting and non-voting common equity held by non-affiliates of the issuer is $400,000,000 or more (as determined under Form S–3 general instruction I.B.1. as in effect on the date of enactment of this Act); and~~

~~(2) the issuer otherwise satisfies the requirements of the definition of "well-known seasoned issuer" contained in section 230.405 of title 17, Code of Federal Regulations (as in effect on the date of enactment of this Act) without reference to any requirement in such definition relating to minimum worldwide market value of outstanding voting and non-voting common equity held by non-affiliates.~~

~~(b) REPORT ON WITHDRAWN APPLICATIONS RELATED TO WELL-KNOWN SEASONED ISSUER STATUS.—The Securities and Exchange Commission shall, not later than 90 days after the end of each calendar year, publish the total number of applications submitted during such calendar year where the applicant—~~

~~(1) submitted the application under section 230.405 of title 17, Code of Federal Regulations, for a determination by the Commission that the applicant not be considered an ineligible issuer under such section;~~

~~(2) requested such determination in order to meet the definition of a well-known seasoned issuer under such section; and~~

~~(3) withdrew the application.~~

~~SEC. 307. ENHANCING MULTI-CLASS SHARE DISCLOSURES.~~

~~Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end the following:~~

~~"(l) DISCLOSURE RELATING TO MULTI-CLASS SHARE STRUCTURES.—~~

~~"(1) DISCLOSURE.—The Commission shall, by rule, require each issuer with a multi-class share structure to disclose the information described in paragraph (2) in any proxy or consent solicitation material for an annual meeting of the shareholders of the issuer, or any other filing as the Commission determines appropriate.~~

~~"(2) CONTENT OF DISCLOSURE.—A disclosure made under paragraph (1) shall include, with respect to each person who is a director, director nominee, or named executive officer of the issuer, or who is the beneficial owner of securities with 5 percent or more of the total combined voting power of all classes of securities entitled to vote in the election of directors—~~

~~"(A) the number of shares of all classes of securities entitled to vote in the election of directors beneficially owned by such person, expressed as a percentage of the total number of the outstanding securities of the issuer entitled to vote in the election of directors; and~~

~~"(B) the amount of voting power held by such person, expressed as a percentage of the total combined voting power of all classes of the securities of the issuer entitled to vote in the election of directors.~~

~~"(3) MULTI-CLASS SHARE STRUCTURE.—In this subsection, the term 'multi-class share structure' means a capitalization structure that contains 2 or more types of securities that have differing amounts of voting rights in the election of directors."~~

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Kevin F. McCumber,Clerk.Passed the House of Representatives
July 21, 2025.

About this report
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